

What is NAFTA?

And, 20 years later, what have been some of its effects?

In the early 1990s, the U.S. government decided that it wanted to make trade between Mexico, Canada, and the U.S. easier. It proposed the North American Free Trade Agreement (NAFTA). NAFTA is a trade agreement between Mexico, Canada, and the U.S. that went into effect in 1994.

What are the reasons for NAFTA?

The purpose of NAFTA is to make trade between the U.S., Mexico, and Canada easier by getting rid of restrictions. These countries can trade freely without paying tariffs or taxes on imports and exports.

NAFTA also protects the interests of global corporations so they can set up companies in Mexico and Canada. Within the free trade areas, corporations, not governments, make rules about labor and the environment.

What was NAFTA supposed to do?

The supporters of NAFTA promised that it would be good for the people of all three countries.

- It would mean more jobs in the U.S., Canada, and Mexico.
- It would mean more exports from the U.S. to Mexico and Canada.
- It would support environmental projects.
- Displaced workers would get retraining and benefits so they could go back to work.

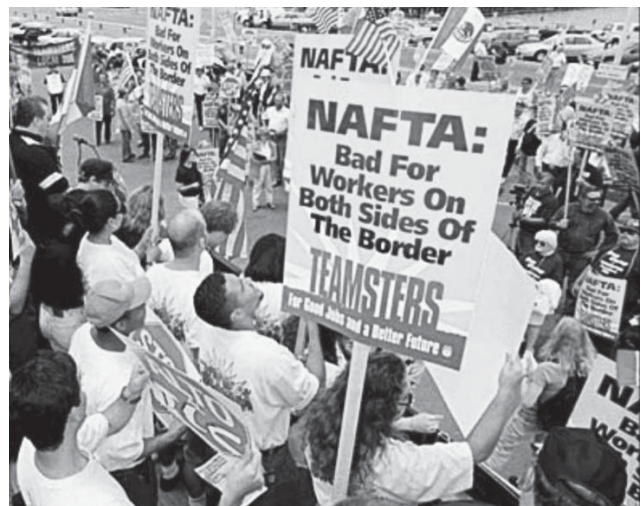
What are some of the effects of NAFTA?

- The U.S. imported more than it exported and U.S. workers lost jobs.
- Many companies left the U.S. and Canada for Mexico where there were lower wages, fewer protections for workers, and weaker environmental laws.
- Government subsidies for farmers were cut. Family farmers lost their farms while giant

agricultural corporations exporting corn and grain to Mexico made big profits.

- Whole communities in the U.S. have been destroyed by factories closing.
- Whole communities in Mexico have been destroyed because local industry – such as growing corn and raising pigs (see the article on pp. 50-51) – can't compete with the big U.S. corporations that have moved their business to Mexico.
- Retraining and benefits did not result in family-sustaining jobs for tens of thousands of displaced workers.

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What do you think? Using the information on this page and from pp. 52-53, comment on the sign you see in the photo above. Explain what would contribute to this opinion that NAFTA is bad for workers on both sides of the border.